

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FOX CREEK)	
RURAL ELECTRIC COOPERATIVE)	
CORPORATION, INC. FOR AN)	CASE NO. 94-382
ADJUSTMENT TO ITS RETAIL)	
ELECTRIC POWER TARIFFS)	

O R D E R

On December 26, 1996, Fox Creek Rural Electric Cooperative Corporation, Inc. ("Fox Creek") filed a letter with supporting calculations which claims that the rates approved by the Commission on February 28, 1996 produce a decrease in revenues of \$44,153 greater than the decrease found reasonable. Based on Fox Creek's filing, which is attached hereto as Exhibit A, the Commission finds that the Attorney General's Office should have an opportunity to file a response.

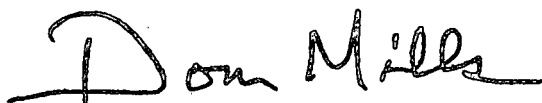
IT IS THEREFORE ORDERED that any response to the December 26, 1996 filing by Fox Creek shall be filed no later than January 22, 1997.

Done at Frankfort, Kentucky, this 7th day of January, 1997.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN
CASE NO. 94-382 DATED JANUARY 7, 1997

RECEIVED

DEC 26 1996

PUBLIC SERVICE
COMMISSION

December 20, 1996

Don Mills, Executive Director
Kentucky Public Service Commission
730 Schenkel Lane
PO Box 615
Frankfort, Kentucky 40602

Re: Fox Creek Rural Electric Cooperative
Case No. 94-382

Dear Mr. Mills:

Please find enclosed schedules from Exhibit J of the filing for the flow through of the wholesale power decrease of East Kentucky Power Cooperative (East Kentucky).

The Order stated the rates set forth were to reduce revenues for an additional reduction of \$60,347 for a total decrease to Fox Creek in the amount of \$726,253.

The following schedules reflect the rates set forth in Appendix A of that Order for service rendered on and after March 1, 1996. As indicated by the enclosed Exhibit J pages 1 through 9, the decrease is actually \$770,406. This results in rates whereby Fox Creek is collecting \$44,153 less from its consumers than the reduction in its power costs from East Kentucky.

Please provide us with an explanation and the computations used to arrive at the overall decrease of \$726,253 using the rates included in Appendix A to the Order for rates effective on and after March 1, 1996.

Your cooperation in this matter is greatly appreciated. Also, if you have any questions, please do not hesitate to call us.

Sincerely,

Bob Kincer

Bob Kincer, President & CEO

enclosures

Revenues from Present, Normalized and Proposed Rates by Rate Class

<u>Rate Class</u>	<u>kWh Useage</u>	<u>Actual Revenues</u>	<u>Normalized Revenues</u>	<u>Proposed Revenues</u>	<u>Decrease</u>	<u>Percent</u>
<u>Schedule E Consumers</u>						
Schedule R	109,360,393	\$7,438,850	\$7,424,539	\$6,753,027	(\$671,512)	-9.04%
Schedule R2	57,277	2,084	2,076	2,014	(62)	-2.99%
Schedule C	4,239,379	334,701	334,232	309,694	(24,538)	-7.34%
Schedule L	2,174,624	157,497	157,180	144,589	(12,591)	-8.01%
Schedule M	22,400	3,665	3,662	3,532	(130)	-3.55%
Schedule N	991,872	64,611	64,538	54,827	(9,711)	-15.05%
Schedule A	1,022,200	135,583	135,583	127,125	(8,458)	-6.24%
Rounding		(11)			(104)	
Subtotal	117,868,145	8,136,980	8,121,810	7,394,808	(727,106)	-8.95%
<u>Schedule B Consumers</u>						
Schedule B1	10,209,600	432,636	412,683	369,363	(43,320)	-10.50%
Rounding					20	
Total from base rates	<u>128,077,745</u>	8,569,616	<u>\$8,534,493</u>	<u>\$7,764,171</u>	<u>(\$770,406)</u>	-9.03%
Fuel		(142,336)				
Total Revenue		<u>\$8,427,280</u>				

Fox Creek Rural Electric Cooperative
Billing Analysis
December 31, 1993

Exhibit J
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Schedule R Residential

Billing Determinants	Number	Actual		Normalized		Proposed	
		Rate	Revenues	Rates	Revenues	Rates	Revenues
January - April 1993							
KwH Charge:							
Minimum bill charge	33,894	\$5.57	\$188,790				
Minimum bill 30 kWh	965,979						
Next 50 kWh	1,394,364	\$0.12265	171,019				
Next 420 kWh	11,023,595	\$0.06635	731,415				
All over 500	29,889,337	\$0.06075	1,815,777				
May - December 1993							
KwH Charge:							
Minimum bill charge	68,444	\$5.56	380,549				
Minimum bill 30 kWh	1,950,654						
Next 50 kWh	2,501,028	\$0.12232	305,926				
Next 420 kWh	21,669,555	\$0.06602	1,430,624				
All over 500	39,965,881	\$0.06042	2,414,739				
Total KwH							
Minimum bill charge	102,338			\$5.56	568,999	\$5.39	551,602
Minimum bill 30 kWh	2,916,633						
Next 50 kWh	3,895,392			\$0.12232	476,484	\$0.05826	226,946
Next 420 kWh	32,693,149			\$0.06602	2,158,402	\$0.05826	1,904,703
All over 500	69,855,218			\$0.06042	4,220,652	\$0.05826	4,069,765
Total kWh	<u>109,360,393</u>						
Billing adjustments			<u>12</u>		<u>12</u>		<u>12</u>
Total from base rates			7,438,850		<u>\$7,424,550</u>		<u>\$6,753,027</u>
Fuel adjustment			<u>(123,668)</u>				
Total revenues			<u>\$7,315,182</u>				
Amount					(\$14,300)		(\$671,522)
Percent					-0.20%		-9.04%

Fox Creek Rural Electric Cooperative
Billing Analysis
December 31, 1993

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Schedule R2 Residential Marketing Rate

Billing Determinants	Number	Actual		Normalized		Proposed	
		Rate	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	0	\$0.00	0				
January - April 1993 All Kwh	36,415	\$0.03645	1,327				
May - December 1993 All Kwh	<u>20,862</u>	\$0.03625	756				
Total Kwh	<u>57,277</u>			\$0.03625	\$2,076	\$0.03517	2,014
Billing adjustments			<u>0</u>		<u>0</u>		<u>0</u>
Total from base rates			2,084		<u>\$2,076</u>		<u>\$2,014</u>
Fuel adjustment			<u>0</u>				
Total revenues			<u>\$2,084</u>				
Amount					(\$7)		(\$62)
Percent					-0.35%		-2.98%

Fox Creek Rural Electric Cooperative
Billing Analysis
December 31, 1993

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Schedule C Commercial and Small Power

Billing Determinants	Number	Actual		Normalized		Proposed	
		Rate	Revenues	Rates	Revenues	Rates	Revenues
Demand Charge	12,591.1	\$3.18	\$40,040	\$3.18	\$40,040	\$3.18	\$40,040
January - April 1993							
KwH Charge:							
Minimum bill charge	1,034	\$5.57	5,759				
Minimum bill 30 kWh	31,020						
Next 50 kWh	51,700	\$0.12296	6,357				
Next 20 kWh	20,215	\$0.06666	1,348				
Next 900 kWh	64,697	0.08066	5,218				
Next 2,000 kWh	93,020	0.07366	6,852				
All over 3,000	1,160,534	\$0.06386	74,112				
May - December 1993							
KwH Charge:							
Minimum bill charge	2,064	\$5.56	11,476				
Minimum bill 30 kWh	61,920						
Next 50 kWh	82,397	\$0.12263	10,104				
Next 20 kWh	40,454	\$0.06633	2,683				
Next 900 kWh	138,664	\$0.08033	11,139				
Next 2,000 kWh	116,190	\$0.07333	8,520				
All over 3,000	2,378,568	\$0.06353	151,110				
Total KwH							
Minimum bill charge	3,098			\$5.56	17,225	\$5.39	16,698
Minimum bill 30 kWh	92,940						0
Next 50 kWh	134,097			\$0.12263	16,444	\$0.06101	8,181
Next 20 kWh	60,669			\$0.06633	4,024	\$0.06101	3,701
Next 900 kWh	203,361			\$0.08033	16,336	\$0.06101	12,407
Next 2,000 kWh	209,210			\$0.07333	15,341	\$0.06101	12,764
All over 3,000	3,539,102			\$0.06353	224,839	\$0.06101	215,921
Total KwH	<u>4,239,379</u>						
Billing adjustments			(18)		(18)		(18)
Total from base rates			334,701		<u>\$334,232</u>		<u>\$309,694</u>
Fuel adjustment			(5,063)				
Total revenues			<u>\$329,638</u>				
Amount					(\$469)		(\$24,537)
Percent					-0.14%		-7.34%

Schedule L Large Power Service

Billing Determinants	Number	Actual		Normalized		Proposed	
		Rate	Revenues	Rates	Revenues	Rates	Revenues
Demand Charge	10,677.8	\$3.18	\$33,955	\$3.18	\$33,955	\$3.18	\$33,955
January - April 1993							
KwH Charge:							
First 50 kWh per kw deman	13,725	\$0.07140	980				
Next 100 kWh per kw dema	27,451	\$0.06614	1,816				
All over 150 kWh per kw d	866,638	\$0.05624	48,740				
May - December 1993							
KwH Charge:							
First 50 kWh per kw deman	24,410	\$0.06981	1,704				
Next 100 kWh per kw dema	48,819	\$0.06581	3,213				
All over 150 kWh per kw d	1,193,581	\$0.05591	66,733				
Total KwH							
First 50 kWh per kw deman	38,135			\$0.06981	2,662	\$0.06402	2,441
Next 100 kWh per kw dema	76,270			\$0.06581	5,019	\$0.06002	4,578
All over 150 kWh per kw d	2,060,219			\$0.05591	115,187	\$0.05012	103,258
Total KwH	<u>2,174,624</u>						
Billing adjustments			<u>356</u>		<u>356</u>		<u>356</u>
Total from base rates			157,497		<u>\$157,180</u>		<u>\$144,589</u>
Fuel adjustment			<u>(3,542)</u>				
Total revenues			<u>\$153,955</u>				
Amount						(\$317)	(\$12,591)
Percent						-0.20%	-8.01%

Schedule M Commercial and Industrial Power Service

Billing Determinants	Number	Actual		Normalized		Proposed	
		Rate	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	12	\$135.00	1,620	\$135.00	\$1,620	\$135.00	\$1,620
Demand Charge	250	\$4.34	1,083	\$4.34	1,083	\$4.34	1,083
January - April 1993							
KwH Charge:							
First 425 kWh per kw dema	5,440	\$0.04490	244				
All over 425 kWh per kw d	3,520	\$0.03701	130				
May - December 1993							
KwH Charge:							
First 425 kWh per kw dema	11,920	\$0.04457	531				
All over 425 kWh per kw d	1,520	\$0.03668	56				
Total KwH							
First 425 kWh per kw dema	17,360			\$0.04457	774	\$0.03878	673
All over 425 kWh per kw d	5,040			\$0.03668	185	\$0.03089	156
Total KwH	<u>22,400</u>						
Billing adjustments			<u>0</u>		<u>0</u>		<u>0</u>
Total from base rates			3,665		<u>\$3,662</u>		<u>\$3,532</u>
Fuel adjustment			<u>0</u>				
Total revenues			<u>\$3,665</u>				
Amount						(\$3)	(\$130)
Percent						-0.08%	-3.54%

Schedule N Industrial and Large Commercial Power Service

Billing Determinants	Number	Actual		Normalized		Proposed	
		Rate	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	10	\$135.00	\$1,350	\$135.00	\$1,350	\$135.00	\$1,350
Demand Charge	4,373	\$4.34	18,980	\$4.34	18,980	\$4.34	18,980
January - April 1993							
KwH Charge:							
First 425 kWh per kw dema	221,952	\$0.04490	9,966				
All over 425 kWh per kw d	0	\$0.03701	0				
May - December 1993							
KwH Charge:							
First 425 kWh per kw dema	769,920	\$0.04457	34,315				
All over 425 kWh per kw d	0	\$0.03668	0				
Total KwH							
First 425 kWh per kw dema	991,872			\$0.04457	44,208	\$0.03478	34,497
All over 425 kWh per kw d	0			\$0.03668	0	\$0.02689	0
Total KwH	<u>991,872</u>						
Billing adjustments			<u>0</u>		<u>0</u>		<u>0</u>
Total from base rates			64,611		<u>\$64,538</u>		<u>\$54,827</u>
Fuel adjustment			<u>0</u>				
Total revenues			<u>\$64,611</u>				
Amount					(73)		(9,710)
Percent					-0.11%		-15.05%

Schedule A Rural Lighting and Street Lighting

Billing Determinants	Number	Actual		Normalized		Proposed	
		Rate	Revenues	Rates	Revenues	Rates	Revenues
January - December 1993 100 watt Sodium Light	25,630	\$5.29	135,583	\$5.29	\$135,583	\$4.96	\$127,125
kWh	<u>1,025,200</u>						
Billing adjustments			<u>0</u>		<u>0</u>		<u>0</u>
Total from base rates			135,583		<u>\$135,583</u>		<u>\$127,125</u>
Fuel adjustment			<u>0</u>				
Total revenues			<u>\$135,583</u>				
Amount					\$0		(\$8,458)
Percent					0.00%		-6.24%

Schedule B1 Large Industrial Rate

Billing Determinants	Number	Actual		Normalized		Proposed	
		Rate	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	12	\$535.00	6,480	\$565.00	\$6,780	\$565.00	\$6,780
Demand Charge	21,997	\$5.39	118,564				
Contract Demand	18,000.0			\$5.39	97,020	\$5.39	97,020
Excess Demand	79.0			\$7.82	618	\$7.82	618
January - April 1993 KwH Charge: Energy charge	3,198,600	\$0.03194	102,163				
May - December 1993 KwH Charge: Energy charge	7,011,000	\$0.03161	221,618				
Total KwH Energy charge	10,209,600						
Energy charge	10,265,400			\$0.03161	324,489	\$0.02739	281,169
Primary meter discount			(16,189)		(16,224)		(16,224)
Billing adjustments							
Total from base rates	10,209,600		432,636		\$412,683		\$369,363
Fuel adjustment			(10,063)				
Total revenues			\$422,747				
Amount					(\$19,953)		(\$43,320)
Percent					-4.61%		-10.50%